

HOUSE BILL REPORT

HB 1754

As Reported by House Committee On:
Early Learning & Children's Services

Title: An act relating to promoting continuity of care for children enrolled in early learning and care programs receiving working connections child care subsidies.

Brief Description: Concerning continuity of child care.

Sponsors: Representatives Pettigrew, Walsh, Goodman, Kagi, Roberts, Priest, Dunshee, Sullivan, Appleton, Green, Kenney, Morrell, Nelson and Ormsby.

Brief History:

Committee Activity:

Early Learning & Children's Services: 2/6/09, 2/20/09 [DPS].

Brief Summary of Substitute Bill

- Makes legislative findings and declares an intent to promote continuity of care for children in lower-income families.
- Directs the Department of Early Learning and the Economic Services Administration of the Department of Social and Health Services to develop a plan for implementation of changes to the Working Connections Child Care program.
- Requires a report to the Governor and the Legislature by December 31, 2009.

HOUSE COMMITTEE ON EARLY LEARNING & CHILDREN'S SERVICES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Kagi, Chair; Roberts, Vice Chair; Haler, Ranking Minority Member; Walsh, Assistant Ranking Minority Member; Angel, Goodman and Seaquist.

Staff: Sydney Forrester (786-7120)

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Early Childhood Education and Assistance Program and Head Start Program.

The Early Childhood Education and Assistance Program (ECEAP) and the federal Head Start program are comprehensive preschool programs providing free services and support to eligible children from lower-income households and their families. The goal of both programs is to help ensure children enter kindergarten ready to succeed. The programs include:

- early learning preschool;
- family support and parent involvement; and
- child health coordination and nutrition.

Across the state there are approximately 8,200 ECEAP enrollment slots and about 9,700 Head Start enrollment slots. Eligibility for both programs is based on family income.

Working Connections Child Care Program.

The Working Connections Child Care program (WCCC) provides child care subsidies to child care providers serving working families with incomes at or below 200 percent of the federal poverty level. In addition to low-income working families, WCCC subsidies also may be paid to providers on behalf of:

- families eligible for WorkFirst and receiving Temporary Assistance for Needy Families (TANF) who are enrolled in approved job search or training activities; and
- parents under age 22, not on TANF, and enrolled in high school or a General Education Development (GED) program.

Subsidies from the WCCC program can help pay for various types of child care selected by parents, including:

- licensed child care centers;
- licensed or certified family child care homes;
- relatives who provide care in their own homes; and
- adults who come to the family's home to provide care.

Parents on whose behalf WCCC subsidies are being paid to child care providers also are responsible for a co-payment. The amount of the co-pay is calculated on a sliding scale and depends on the family's size and countable income. The minimum co-pay is \$15.

Some early learning and child care programs in Washington include a full-day instructional and care program that is funded by a mix of ECEAP or Head Start funding for part of the day, supplemented with a WCCC subsidy for the remainder of the day. Under these arrangements, the child's schedule of care is more like many parents' typical work day schedules.

Eligibility Determinations.

The Economic Services Administration (ESA) within the Department of Social and Health Services (DSHS) has responsibility for verifying families' eligibility to receive WCCC subsidies. Determinations are based on verification of employment or other eligible activities as well as family income.

Under policies adopted by the Department of Early Learning (DEL), eligibility determinations for WCCC subsidies are effective for a period of three or six months, after

which a reauthorization process is conducted to determine continued eligibility. Preliminary data indicates that approximately 80 - 85 percent of families are reauthorized at three or six months.

Changes that can result in a family becoming ineligible for subsidies include:

- an increase in income;
- the loss of a job or a temporary lay-off;
- not keeping current with the obligation to make the monthly co-payment to the provider;
- not providing notice of changes in the family's circumstances within the time frames required; or
- not providing all documentation requested at the time of the reauthorization.

When a parent loses eligibility for WCCC subsidies, it may result in the child being unable to continue attending a full-day program funded with a mix of ECEAP or Head Start dollars, even though the child is still eligible for enrollment in the ECEAP or Head Start program. In other cases, the loss of WCCC eligibility results in the child being completely removed from his or her early learning or child care program. If eligibility is reinstated later, the ability for the child to return to the program may depend on whether the enrollment slot has already been filled. If it has, the child will experience a change in caregiver and environment.

Child Absence Days.

Under WCCC program rules, a provider may receive a subsidy for a child who does not attend his or her early learning or child care program due to illness for a total of five days per month. For child absence days beyond the five-day limit, the provider receives no WCCC payment for the child's enrollment slot.

Provisions for the administration of WCCC exist almost entirely in rules adopted by the DEL and the DSHS.

Summary of Substitute Bill:

The DEL and the DSHS must jointly collaborate with stakeholders and develop a plan for the implementation of revisions to the WCCC program eligibility determinations, co-pay calculations, and reauthorization processes. The plan must recommend a reasonable and cost-efficient method for phasing in the following changes:

1. The number of child absence days for which a provider may receive a subsidy on behalf of a child enrolled but unable to attend due to illness, is increased from five days to 10 days per month.
2. The maximum amount of a family's monthly co-pay shall be not more than 10 percent of the family's monthly gross income.
3. The eligibility determination for a WCCC subsidy shall be valid for 12 months.

Reauthorizations for WCCC eligibility will be conducted every 12 months unless the family reports a change in circumstances requiring a reauthorization sooner. The 12-month period

may include a mid-year review of eligibility consistent with administration of other public assistance programs.

By December 31, 2009, the DEL and the DSHS must brief the Governor and the Legislature, and shall include recommendations for a process of coordination and regular communication between the DEL and the DSHS to promote alignment of the WCCC program with the state's philosophy and goals relating to early learning and school-age child care.

Substitute Bill Compared to Original Bill:

The original bill directed the DEL and the DSHS to begin implementing the three changes to the WCCC program in Fiscal Year 2010. The substitute bill requires the DEL and the DSHS to develop an implementation plan for phasing in the changes to the WCCC program and to report back to the Governor and the Legislature by December 31, 2009.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 20, 2009.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Achieving stability and consistency of child care for families in the state's subsidized child care system has presented challenges. A number of child care facilities struggle when families' co-payments are increased and the increase is disproportionate to the families' increase in income. There is what is known as a "cliff effect" in the calculation of co-payments, and it causes some parents to turn down the opportunity for a pay raise or a promotion because they will then be unable to afford the increased cost of child care. The families accessing subsidized child care are low-income working families who want the best for their children. Unfortunately, the policies of the WCCC system are not aligned with the state's early learning philosophy.

This bill attempts to address issues in the WCCC program that have been raised many times before. Other states have successfully implemented a change to 12-month eligibility periods and have found administrative savings. The highest estimate for the number of families who may have received child care subsidies and not been eligible for the entire 12 months is 20 percent. Providers who don't receive notice of a change in a parent's eligibility status may continue to provide care but will not be reimbursed. For providers with a high percentage of subsidized families, this can break their budgets. The system needs to be streamlined to support continuity of care for children and financial predictability for providers. There is a significant lack of consistency between the state's message about the importance of high-quality early learning and the way the WCCC program is administered. Some providers won't even accept WCCC subsidized families because it is too administratively costly.

Changing the number of child absence days for which a provider may be reimbursed reflects the realities of the chaos in the lives of some very low-income families. Providers who enroll children from these families need the stability of the subsidy and the children need the continuity of care. When eligibility lapses, children frequently must undergo changes to another provider when eligibility is reinstated and these repeated changes in the caregiver and the environment create unhealthy stressors on children, especially very young children.

The bottom line is that the current WCCC policies are not efficient, not good for children, and not helpful for parents. Research demonstrates that stability of high-quality child care yields better child outcomes. The changes in this bill coincide with the recommendations in the DEL-contracted study of the state's WCCC policy. The federal regulations for use of the Child Care Block Grant moneys allow for more flexibility than the current WCCC rules.

(Information only) The DEL recognizes the opportunity to address paperwork and communication issues in the WCCC program. Some of the challenges we have are the result of the policy being set by the DEL and the eligibility determinations being implemented by the DSHS. We are always trying to strike a balance and aiming for more efficiencies in how the parents and the provider receive information about the eligibility determination.

(Opposed) None.

Persons Testifying: (In support) Representative Pettigrew, prime sponsor; Lonnie Johns Brown, The Collaborative; John Naegele, Children's Home Society; Taфра Jones; Angie Maxie, Tiny Tots; Annie Cubberly, Child Care Action Council; Shawn Harris, Service Employees International Union 925; Joel Ryan, Head Start and Early Childhood Education and Assistance Program; and John Bancroft, White Center Early Learning Institute.

(Information only) Sonali Patel, Department of Early Learning.

Persons Signed In To Testify But Not Testifying: None.